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Federal Emergency Management Agency

Washington, D.C. 20472

FEB 29 1984

Mr. Richard Levine
National Security Council
Old Executive Office Building
Room 389
Washington, D.C. 20506

Dear Mr. Levine:

(U) I am writing you to clarify some points surrounding the meeting of the Stockpile Review Steering Committee held February 24, 1984.

(U) You referred to what we believed was a critique of the Political Reliability study as a "complaint." It was indeed a critique. The complaint was that FEMA's dissenting views had not been incorporated in the report, and that there was an apparent attempt to convince the Steering Committee that agreement on the report was unanimous. It was not unanimous, nor will it be until the study is reworked to take into account the factors FEMA perceives as serious limitations. At the December meeting of the Steering Committee which I attended, I voiced many of these same objections. The Chairman of that Subcommittee, Mr. Ernst, was in attendance. I told him in front of the Steering Committee that we did not concur with the findings, and requested that he incorporate our dissent and that he include specific reasons for the rejection of each of FEMA's indicators.

(U) The ex post facto procedure of passing the ratings to the State Department Desk Officers is unsatisfactory. The acceptable procedure would be to have the Desk Officers rate the countries independently then resolve the differences in a scientific, unbiased forum. To pass ratings to Desk Officers to get a reaction will produce considerably different results than first to have their independent assessments.

(C) Much has been made of the point linking reliability to the need for generating foreign exchange. This is at best a weak argument. Countries possessing scarce strategic and critical materials in wartime need generate little if any foreign exchange: their needs can be met through barter. In fact, one could argue that they would have a stronger desire for, say, food than for foreign exchange. One also could argue that until those countries could identify the potential winner, they are quite likely to prefer goods to currency or deposits.

DHS Review Completed.


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(C) We also are very concerned that these countries were not rated on energy as well as the other factors. The implications of the significant energy shortfall postulated in the as-yet unpublished report of the Energy Subcommittee must have some affect on the reliability of the countries. We note that there seems to be deep concern about availability of energy when requirements are considered; we further note that this concern does not seem nearly as intense when supply is being considered.

(U) I am enclosing for your further consideration a statement from the FEMA representative to the Political Subcommittee.

Sincerely,


Edward K. Zabpowski
Acting Chief
Natural Resources Division

Enclosure

cc: Paul K. Krueger
AMP Steering Committee
Members

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MEMORANDUM FOR: EDWARD ZABROWSKI

FROM: Doug Scott

SUBJECT: Procedural Irregularities In Task Group 9's Study
of Country Political Reliability

(U) The Chairman of this group informed me before the study began that our prior country reliability model was too elaborate for the purposes of this study. Despite my objection to this prejudgement, the FEMA political reliability model was replaced without group discussion or any specific private criticism other than that of OMB's Bruce Fitzgerald. He felt that European countries were rated most reliable by the FEMA model rather than countries who were major exporters of United States strategic materials. As a result of State Department ratings, foreign materials supplies were discounted too heavily in his opinion.

(U) The Chairman also indicated to me a similar preconception before the study even began. The Chairman indicated that many of these free world countries would be economically compelled to sell to the United States in wartime regardless of their political feelings toward the United States, yet he refused to consider use of the 10 country economic indicators previously rated by the State Department desk experts. In other words, the Subcommittee's qualitative methodology, focusing exclusively on country intentions and capabilities, was predetermined by the Chairman--apparently in coordination with OMB before the first group meeting. The Chairman decided there would be only three categories for country reliability before the first meeting, despite FEMA objections that four categories were needed for model conformability. The Chairman continually asked the OMB representative if the conduct of the study met with the tenor of prior private discussions and expectations.

(U) The Chairman's prejudgement as to the irrelevance of many FEMA indicators and the desirability to replace the quantitative model with a qualitative rating were never discussed with the group, but were simply implemented with apparent prior OMB coordination. In contrast to FEMA/State's rating of 141 countries, the qualitative approach accommodated a much smaller number. The list of the 26 largest materials-exporting countries were also preselected to be rated. Country data summaries were available at the first meeting. The group of 10 Subcommittee participants were asked if they wished to say anything about each country's intentions and capabilities to produce and export strategic materials to the United States.

(U) At the next meeting, Mr. Quam of DIA or the Chairman would suggest a rating and attempt to get a group consensus on that rating. Deviant opinions and objections were heard briefly. OMB successfully opposed all FEMA-suggested lower country ratings.

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(U) State Department officers were asked to write short one-page essays as their input as to country intentions and capability. Their ratings were not quantified and the information did not appear to be used operationally by the group in their "vote" in rating each of the 26 countries a "1," "2," or "3" reliability country. No rating was changed from what Mr. Quam or the Chairman suggested: their reasoning dominated the final report for each country.

(C) Quam used his own data sources, including Interior data, to provide commodity summaries before the vote along with his suggested rating. The final rating and his revised data summary constituted the final report. Contrary to subsequent statements about the report, there was severe disagreement as to what the war scenario implied with respect to adequacy of sea transportation, degree of Soviet subversion in Africa and elsewhere, functioning of efficient wartime international markets adequacy of equipment, energy, and other inputs for materials production.

(U) FEMA objections were ignored in all these areas.

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